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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC #6688-81  
21 October 1981

MEMORANDUM FOR THE RECORD

FROM : [REDACTED]  
National Intelligence Officer at Large

SUBJECT: 20 October 1981 SIG Meeting on Export Control of Oil and Gas  
Equipment and Technology [REDACTED]

1. An NSC meeting of 16 October had previously considered the above topic, but had been unable to reach agreement in deciding among the policy options tabled. The issue was thus referred back to the SIG on East-West Economic Relations, which met this afternoon, with Mike Rashish in the chair. [REDACTED]

2. Mike opened the meeting by asking participants who had been at the NSC meeting about their impressions of the questions that were on the President's mind that had not been resolved at that meeting. Alan Lenz produced a list of such questions, culled from his notes (see attachment). Mike then offered his own set of questions -- the result of a Socratic dialogue with some of his State colleagues -- that he believed the policy community must pose before it can recommend options. His questions focused basically on the why's and wherefore's of a Presidential decision -- what's different about the oil and gas sector that it should be a matter of Presidential concern? How do the proposed policies differ from the present policy, why are they needed, and what would they accomplish? What would be their impact on the USSR, on our Western allies and on the US? [REDACTED]

3. The ensuing discussion soon revealed substantial agreement that, while a set of policy options had been developed, this had been done in the absence of any consensus on the objectives of the policies and on their consequences. Even the underlying question of whether it is in the US interest to hinder Soviet oil and gas development had not been squarely confronted. It was generally agreed, therefore, that a cover paper needs to be prepared that would put the issue in broader perspective and that would examine the cost/benefits of alternative policies in economic, political and security terms. [REDACTED]

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Equipment and Technology [redacted]

4. There was much confusion over the scope and thrust of the paper, over who would contribute to it and how it would be produced. Mike Rashish decreed that a Yamal pipeline strategy paper that State was drafting should remain separate, even though it was argued by some that the pipeline issue is the epitome of the gas/oil equipment/technology problem. The procedure finally agreed to was to establish a drafting group under State EB Bureau chairmanship (Ernie Johnson) and that draft contributions would be provided by State, Commerce, DoD, DoE and CIA, to be submitted to Johnson by COB Thursday 22 October. Commerce (Larry Brady) offered to provide an available draft. The CIA contribution is to be on the likely impact of the proposed options on Soviet petroleum prospects under alternative assumptions about allied responses to US initiatives. [redacted]

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Attachment:  
As Stated

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